

Preliminary Settlement Agreements Establish \$100M Fund for Victims of Tainted Steroids Traced to NECC

BOSTON, Dec. 23, 2013 /PRNewswire/ -- Owners of the bankrupt New England Compounding Pharmacy ("NECC") and NECC's insurers have reached agreements in principle concerning settlements with Bankruptcy Trustee Paul D. Moore, the Official Unsecured Creditor's Committee (the "Committee") and the Plaintiffs Steering Committee (the "PSC") in multidistrict litigation involving NECC pending in Federal Court in Boston (the "MDL") to contribute an amount estimated to exceed \$100 million to a compensation fund to be distributed to NECC creditors, including victims who received injections of tainted steroids traced to NECC. The settlement agreements are subject to final documentation and Bankruptcy Court approval.

The Center for Disease Control estimates that well over 700 people nation-wide have been diagnosed with fungal meningitis or other serious fungal infections. At least 64 deaths have been confirmed.

Paul Moore, the Trustee of bankrupt NECC, commented, "We are pleased that a significant amount of funds will become available for distribution to victims and their families as compensation for the deaths, injuries and suffering they endured as a result of this tragic meningitis outbreak."

David Molton and William Baldiga, partners at Brown Rudnick and counsel to the Committee, added that these settlements "are a material step in expediting compensation to victims and should bring momentum to the Trustee's and Committee's ongoing and vigorous efforts to add to this victims' fund with settlements from others, including medical care providers and pain clinics that administered the tainted steroids to their patients."

"This preliminary settlement marks a critical milestone in our efforts to maximize recovery for the victims and their families," added Anne Andrews and Harry Roth, co-chairs of the Committee. "We are enormously pleased with what the Trustee and our Committee have accomplished after prolonged negotiations."

Thomas Sobol, lead counsel for the PSC and the PSC's representative with respect to the negotiations, stated that the PSC is also supportive of the preliminary settlements.

NECC's owners commented that "while they deny any liability or wrongdoing, nonetheless they strongly desire to play a major role in establishing a fund for people who died or suffered as a result of this tragic outbreak."

The victim compensation fund will be funded by cash contributions by the owners of NECC as well as from proceeds from, among other things, insurance, tax refunds and the sale of a related business. Pursuant to the bankruptcy process, Judge Henry J. Boroff of the U.S. Bankruptcy Court of the Eastern District of Massachusetts will be asked to confirm a plan containing the terms of the settlement agreements creating and funding the victim's compensation fund.

As a reminder to all victims and creditors, the Bankruptcy Court established *Wednesday, January 15, 2014, at 4:00pm EST* as the deadline for submitting their proofs of claim in the NECC bankruptcy proceeding. This Bar Date Order establishes procedures for filing and submitting claims for injuries suffered due to NECC's contaminated steroid injections. The Trustee and the Committee stress that it is extremely important that anyone who believes he or she has a claim against NECC or involving an NECC product timely file a proof of claim. Failing to do so may have an impact on a person's ability to obtain a distribution from the compensation fund established to compensate NECC victims or creditors. Information regarding the filing date deadline and the proof of claim process can be found at <http://www.donlinrecano.com/cases/proofofclaim/necp>.

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